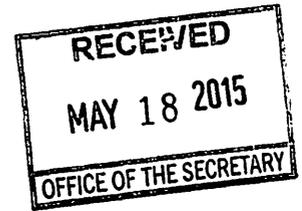


UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING
File No. 3-16497

In the Matter of

R. SCOTT PEDEN, ESQ.,

Respondent.

**OFFICE OF THE GENERAL COUNSEL'S OPPOSITION TO RESPONDENT'S
PETITION TO LIFT THE TEMPORARY SUSPENSION ENTERED PURSUANT TO
RULE 102(e)(3)(i)(A) OF THE COMMISSION'S RULES OF PRACTICE**

INTRODUCTION

On April 16, 2015, the Commission found that it served the public interest to temporarily suspend R. Scott Peden ("Peden") from appearing or practicing before the Commission as an attorney. The suspension was based on the entry of a judgment against Peden, by the United States District Court for the Western District of Texas ("the Court"), that permanently enjoins him from violating Section 13(a) of the Securities Exchange Act of 1934 ("Exchange Act") and Rules 12b-20, 13a-1, 13a-13, and 13a-14 thereunder, and from aiding and abetting violations of Section 13(a) and Rules 12b-20, 13a-1, and 13a-13. On May 13, 2015, Peden filed a petition to lift his temporary suspension. That petition should be denied, because it will manifestly serve the public interest to continue Peden's temporary suspension pending an administrative proceeding to determine the appropriate sanction for his misconduct. Peden knowingly aided and abetted the submission of numerous false or misleading statements in filings with the Commission on behalf

of Life Partners Holdings, Inc. (“LPHI”). Those filings materially misstated LPHI’s net income from fiscal year 2006 through the third quarter of fiscal year 2011. Absent a temporary suspension, Peden would remain in a position to further threaten the integrity of the Commission’s processes and potentially harm investors. Accordingly, the Commission should assign this matter to an administrative law judge to conduct an administrative proceeding to determine the appropriate sanction based on Peden’s misconduct. Indeed, although he has challenged his temporary suspension, Peden acknowledges that a hearing on his petition is appropriate. Petition at 1.

BACKGROUND¹

Peden, who has been licensed to practice law in Texas since 1990, became vice president and general counsel for Life Partners, Inc. (“LPI”), a wholly-owned subsidiary of LPHI, when the company was incorporated in 1991. He became general counsel and secretary of LPHI, and president of LPI, in 2000.

LPHI has traded on the NASDAQ since 2000. In the “risk factors” section of its Forms 10-K and 10-KSB for years 2006 through 2010, LPHI disclosed that the life expectancy estimates (“LEs”) it used to price life settlement transactions were a significant factor impacting company profits. LPHI warned that underestimated LEs posed a potential risk to its business. But, at the time LPHI made these disclosures, Peden and fellow LPHI corporate officers Brian Pardo and David Martin knew, or were severely reckless in not knowing, that the systematic and material underestimation of LEs had already occurred. Approximately ninety percent of the policies LPI

¹ On January 3, 2012, the Commission filed a civil action against Peden and others in the United States District Court for the Western District of Texas. *SEC v. Life Partners Holdings, Inc., et al.*, Case Number 1:12-cv-33-JRN-AWA (W.D. Tex). The facts set forth in this section are taken from the Commission’s complaint (docket entry 1) and other filings in that action.

brokered since 2000 exceeded their LE, with some of the insureds exceeding their LEs by more than seven years. Further, Peden, Pardo and Martin knew that LPHI's ability to generate future profits for shareholders was predicated on the continued use of materially short LEs.

In addition to these disclosure violations, LPHI – aided and abetted by Peden – materially misstated net income from fiscal year 2006 through the third quarter of fiscal year 2011 by prematurely recognizing revenues and understating impairment expenses related to the company's investments in life settlements. LPHI's revenue recognition policies and practices ultimately resulted in two audit firms withdrawing their audit reports for fiscal years 2009 and 2010.

ARGUMENT

Peden's Temporary Suspension Should Not Be Lifted

The Commission should deny Peden's petition to lift the temporary suspension imposed against him under Commission Rule of Practice ("Rule") 102(e)(3)(iii). While that rule provides that the Commission may lift a temporary suspension pending an administrative proceeding, it does not expressly set forth the standard that the Commission will apply to determine whether to grant such interim relief. As such relief is analogous to a stay pending appeal, the Commission should apply the traditional analysis it employs for considering requests for stays under Rule 401(d) of the Commission Rules of Practice and 17 C.F.R. § 201.401(d). That is, the Commission should consider whether (1) there is a strong likelihood of success on the merits; (2) absent a stay, the movant will suffer irreparable injury; (3) there will be substantial harm to the public if a stay is issued; and (4) a stay will serve the public interest. *See In the Matter of JD American Workwear, Inc.*, Release No. 34-43295, 73 SEC Docket 749, 2000 WL 1335348, *1 n.2 (Sept. 15, 2000) (applying this analysis to determine whether a stay was appropriate under Rule 401(d) and 17

C.F.R. 201.401(d)).

As a preliminary matter, OGC is unaware of any instance where the Commission has lifted a temporary suspension imposed pursuant to Rule 102(e)(3) pending the outcome of an administrative proceeding to determine the appropriate length of the suspension to be imposed. In view of Peden's conduct, he is not an appropriate candidate for such unprecedented relief. Moreover, consideration of the factors enumerated above demonstrates that he is not entitled to such relief.

Likelihood of Success on the Merits. Peden does not challenge the factual basis for the proceedings against him, or address whether he is likely to prevail on the merits. Given that Peden aided and abetted violations of the securities laws while acting as general counsel for LPHI, it is highly unlikely that he will prevail. This factor weighs in favor of continuing the temporary suspension.

Irreparable Injury Absent a Stay. In his Petition, Peden does not allege that he will suffer irreparable injury absent a stay of the temporary suspension. Indeed, he does not allege that he will suffer any harm whatsoever – he merely requests that the suspension be lifted. This factor does not weigh in favor of lifting the temporary suspension.

Substantial Harm to the Public if a Stay is Issued. As discussed above, Peden was general counsel and secretary for LPHI when he aided and abetted material misrepresentations in filings with the Commission. By engaging in that conduct, Peden exposed the investing public to harm. A stay of Peden's temporary suspension could expose the public to further harm. Peden nowhere argues otherwise. Thus, this factor weighs against lifting the temporary suspension.

Public Interest in Issuance of a Stay. In its Order Instituting Proceedings dated April 16, 2015, the Commission found it “in the public interest” that Peden be temporarily suspended. Nothing has changed here and Peden has offered no reason to question the Commission’s previous determination. The public interest thus also weighs against the issuance of a stay of the temporary suspension.

In sum, all four factors the Commission considers in determining whether to grant a stay – here, a stay of the temporary suspension pending the administrative proceedings – weigh against granting that relief. Moreover, Peden has acknowledged that a hearing is appropriate prior to a determination on lifting his temporary suspension. Petition at 1. Accordingly, Peden’s petition to lift his temporary suspension should be denied.

CONCLUSION

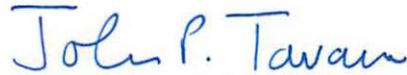
The Commission should deny Peden's petition, and set this matter for an administrative proceeding before an administrative law judge.

DATED: May 18, 2015

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on the 18th day of May, 2015, I caused a true and correct copy of the forgoing Office of the General Counsel's Opposition to Respondent's Petition to Lift the Temporary Suspension Entered Pursuant to Rule 102(e)(3)(i)(A) of the Commission's Rules of Practice to be served upon the parties and persons entitled to notice below, by mailing through the U.S. Postal Service, by first class mail:

R. Scott Peden, Esq.

[REDACTED]
[REDACTED]

John P. Tavana

John P. Tavana